

**HARRISON COUNTY, IOWA
Independent Auditors' Report
Basic Financial Statements
and
Supplementary Information
Schedule of Findings and
Questioned Costs
June 30, 2007**

HARRISON COUNTY, IOWA

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HARRISON COUNTY, IOWA

COUNTY OFFICIALS

Name	Title	Term Expires
Rolland A. Roberts	Board of Supervisors	12-31-08
Larry D. King	Board of Supervisors	12-31-10
Robert V. Smith	Board of Supervisors	12-31-10
Susan E. Bonham	County Auditor	12-31-08
Vicki Argotsinger	County Treasurer	12-31-10
Lorie A. Thompson	County Recorder	12-31-10
Terry A. Baxter	County Sheriff	12-31-08
Jennifer Mumm	County Attorney	12-31-10
Dennis Alvis	County Assessor	12-31-09

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of HARRISON COUNTY, IOWA, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Harrison County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison County as of June 30, 2007, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, pages 4 through 8, and budgetary comparison information on pages 32 through 34 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008 on our consideration of Harrison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Harrison County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented therein) and expressed unqualified opinions on the major fund and aggregate remaining fund information.

The supplementary information including the combining nonmajor fund financial statements and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and also is not a required part of the basic financial statements of Harrison County. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Onawa, Iowa
June 24, 2008

**HARRISON COUNTY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

As the Board of Supervisors of Harrison County, Iowa, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- During the year, the county had expenses of \$12,440,858, which was \$1,120,823 less than the prior year.
- The County collected \$18,799,158 in property taxes and tax credits. Of that amount, the County retained \$5,948,148 to finance County operations. This was a 5.07% increase from last year.
- The County received \$2,596,221 in road use tax allocation, which was \$131,889 less than last year.
- Interest on Investments during the year was \$388,302, which was up from last year's total of \$317,305.
- The County's total debt decreased by \$430,000 during the current fiscal year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE COUNTY AS A WHOLE

One of the most important questions asked about the County's finances is, "is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. You can think of the County's net-assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities the County's governmental activities are displayed. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration or general government, interest on long-term debt and other non-program activities. Property taxes and state and federal grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However the County establishes many other funds to help it control and manage money for particular purposes.

Harrison County has two kinds of funds: Governmental funds and Fiduciary funds.

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the general fund (general basic and general supplemental), (2) the special revenue funds such as mental health, rural services, secondary roads and others, (3) the debt service fund, and (4) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Fiduciary funds are used to report assets held in a trust or agency capacity for others and can't be used to support the government's own programs. These fiduciary funds include agency funds that account for employee health insurance, drainage districts, emergency management services and the county assessor.

The fiduciary funds require financial statements to include a statement of fiduciary assets and liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. Harrison County's net assets for FY 2007 total approximately \$31,338,800. The analysis that follows focuses on the changes of the net assets for our governmental activities:

Net Assets of Governmental Activities:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Current and other assets	\$ 18,127,773	\$ 18,026,505
Capital Assets	<u>24,137,312</u>	<u>22,443,429</u>
TOTAL ASSETS	<u>42,265,085</u>	<u>40,469,934</u>
Long Term Debt Outstanding	2,470,000	2,900,000
Other Liabilities	<u>8,456,285</u>	<u>7,418,145</u>
TOTAL LIABILITIES	<u>10,926,285</u>	<u>10,318,145</u>
Net Assets		
Invested in capital assets, net of related debt	22,677,312	20,808,429
Restricted	1,057,419	1,288,240
Unrestricted	<u>7,604,069</u>	<u>8,055,120</u>
TOTAL NET ASSETS	\$ <u>31,338,800</u>	\$ <u>30,151,789</u>

The largest portion of the County's net assets is the Invested in Capital Assets (land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net assets represent resources that are subject to external restrictions, constitutions provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

**Changes in Net Assets of Governmental Activities
June 30, 2007**

REVENUES

	<u>2007</u>	<u>2006</u>
Program Revenues		
Charges for services	\$ 1,444,278	\$ 1,353,040
Operating Grants & Contributions & Interest	3,278,833	3,099,524
Capital Grants & Contributions	757,729	629,371
General Revenues		
Property Taxes	5,606,013	5,227,085
Penalty & Interest on taxes	57,510	59,258
State tax credits	284,625	374,948
Local option sales tax	425,289	462,321
Unrestricted investment earnings	388,302	317,305
Other general revenues	<u>1,385,290</u>	<u>1,508,386</u>
Total Revenues	13,627,869	13,031,238

PROGRAM EXPENSES

Public safety & legal services	1,724,516	1,820,056
Physical health & social services	1,474,842	1,433,555
Mental Health, MR & DD	1,825,415	1,518,473
County environment/education & capital projects	1,051,163	1,050,630
Roads & transportation	4,441,179	5,718,876
Government services to residents	433,304	573,604
Administration	1,354,559	982,870
Interest on Long Term Debt	<u>135,880</u>	<u>153,501</u>
TOTAL EXPENSES	<u>12,440,858</u>	<u>13,251,565</u>
Change in net assets	1,187,011	(220,327)
Net assets beginning of year	<u>30,151,789</u>	<u>30,372,116</u>
Net assets end of year	<u>\$31,338,800</u>	<u>\$30,151,789</u>

Harrison County's January 1, 2005 taxable valuation (payable in fiscal year 2006-07) was \$547,564,222, an increase of \$16,294,859 from the previous year.

Harrison County increased their levy rate per \$1000 by \$0.37449 as shown on the following chart of property tax rates from fiscal year ending June 30, 2006 to fiscal year ending June 30, 2007.

	FY07	FY06
General Basic/General Supplemental	6.55588	6.35848
MH-DD	1.36970	1.22348
Rural Basic	3.29866	3.25950
Debt Service	<u>0.43142</u>	<u>0.43971</u>
TOTAL	<u>11.65566</u>	<u>11.28117</u>

INDIVIDUAL MAJOR FUND ANALYSIS

Harrison County completed the year with its governmental funds reported a combined fund balance of \$10,291,190. This is \$1,029,730 less than the combined fund balance of the fiscal year ending June 30, 2006 fund.

The General fund ended the year with a balance of \$3,522,498, a \$342,875 increase from the FY06 balance. This is mostly due to a \$229,000 increase in property tax revenues and a \$139,000 increase in intergovernmental revenues, compared to the prior year. These increases were partly offset by an increase in County Environment expenses of \$363,000. The severe blizzard and floods that hit the county in FY07 increased the need for cleanup time and repairs.

The MH-DD fund had an ending balance of \$(252,631). This is a decrease of \$423,043 from the previous year. Even though property tax revenues increased by over \$100,000, the fund's expenses increased by over \$283,000 due to an overall increase in demand for services (especially elderly services), and increased fuel costs in transporting county residents under care.

The Rural Services fund had an ending balance of \$1,490,122. This is a \$67,034 decrease from the previous year. Overall, revenues were very stable, but expenses increased due to rural repairs arising from the May 2007 flood.

The Secondary Roads fund had an ending balance of \$4,345,279 which was a \$533,089 decrease from FY06. Most of the decrease is due to the markdown of inventory. The markdown itself arises from the removal of an uncollectible credit balance with a now-defunct local rock supplier.

The Debt Service fund had an ending balance of \$1,005,034. In FY06, the ending fund balance was \$1,256,664. The fund's decrease is similar to the decrease in FY06, in that debt expenditures still exceed the fund's property tax and state credit income.

The Shadow Valley TIF fund had an ending balance of \$51,661, which was a \$12,142 increase from FY06. This increase is similar to the increase in FY06, in that property tax income continues to exceed the fund's expenditures.

The Capital Projects fund had an ending balance of \$(52,572), which was a \$54,837 decrease from FY06. The decrease is due to the Little Sioux/Sioux River Sewer Project, which started in earnest in FY07, leading to increased construction costs.

GENERAL BUDGETARY HIGHLIGHTS

The Harrison County budget was amended on May 17, 2007. The amendment included increasing the revenues by \$1,789,743, when broken down reflects an increase of \$1,356,899 for Intergovernmental revenues; \$1,500 for Charges for Service; and \$431,344 for Miscellaneous.

On the expense side, the amendment increases included \$34,500 under Public Safety; \$84,692 for Physical Health & Social Services; \$146,000 for MH-DD; \$380,000 for County Environment & Education; \$447,000 for Roads and Transportation; \$2,200 for Governmental Services; \$128,500 for Administration; and \$720,000 for Capital Projects for a grand total of \$1,942,892.

In terms of budget performance, the county exceeded its budget in the County Environment, Roads and Transportation, and Debt Service functions. The excess spending in County Environment and Roads is connected to the repairs required from the May 2007 flood. The May 17th amendment was passed before any money was spent on repairs, and before the full cost and extent of repairs could be gauged. In addition, the removal of snow following the March 2007 blizzard also contributed to the excess spending in the Roads function. The excess spending in Debt Service is due to service fees exceeding budget expectations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Harrison County ended FY07 with a net investment of \$24,130,942 in capital assets. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and bridges.

Depreciation expense of \$1,380,242 and the total accumulated depreciation of \$15,676,562 were reported as of June 30, 2007.

Debt

Harrison County had the following general obligation bonds outstanding at the end of FY07.

Year of Issuance		<u>FY07</u>	<u>FY06</u>
1996	Solid Waste Disposal	\$ 950,000	\$ 1,115,000
1999	Law Enforcement Center	1,050,000	1,175,000
2000	Solid Waste Disposal	-	80,000
2001	Solid Waste Disposal	60,000	70,000
2003	Courthouse HVAC System	<u>410,000</u>	<u>460,000</u>
Totals		\$ 2,470,000	\$ 2,900,000

The bonds for the Solid Waste Disposal are for the Harrison County Landfill Commission. They are operated under a 28E agreement among the County and all 10 cities within the County. The Harrison County Landfill Commission is responsible for their debt. However, because these notes are General Obligation debt, the County will record all debt and related payments to their annual financial report and record an offsetting receivable in the Debt Service fund.

Economic Factors and Next Year's Budgets and Rates:

Harrison County's Board of Supervisors considered many factors for the fiscal year 2008 budget. Taxable valuations were a little higher than last year's levels. Most of the departments tried to stay at the same tax asking as the previous year.

The estimated July 1, 2006 population of Harrison County was 15,745, an increase of 79 from the 15,666 as reported on the 2000 census. Harrison County has a labor force of 8,010 and an unemployment rate of 4.0% as reported on the December, 2007 monthly report by the Iowa Workforce Development.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Harrison County Auditor, Harrison County, 111 North Second Ave., Logan, IA 51546.

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Basic Financial Statements

HARRISON COUNTY, IOWA**Statement of Net Assets****June 30, 2007**

	<u>Governmental Activities</u>
ASSETS	
Cash and Pooled Investments	\$ 7,579,064
Receivables	
Accounts	67,830
Property Tax	
Delinquent	49,580
Succeeding Year	5,994,452
Special Assessments	60,157
Accrued Interest	96,781
Notes (Note 11)	1,010,000
Due from Other Governments	927,330
Prepaid Maintenance	30,700
Prepaid Insurance	120,644
Inventories	2,191,235
Bond Issuance Costs	6,370
Construction in Progress (Note 7)	556,650
Land (Note 7)	1,767,815
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 7)	21,806,477
Total Assets	<u>42,265,085</u>
LIABILITIES	
Accounts Payable	636,822
Accrued Interest Payable	12,878
Salaries and Benefits Payable	69,947
Due to Other Governments (Note 8)	335,244
Deferred Revenue	
Succeeding Year Property Tax	5,994,452
Long-Term Liabilities (Note 9)	
Portion Due or Payable Within One Year	
General Obligation Bonds	365,000
Compensated Absences	387,985
Bond Anticipation Notes	755,000
Portion Due or Payable After One Year	
General Obligation Bonds	2,105,000
Compensated Absences	263,957
Total Liabilities	<u>10,926,285</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt (Note 7)	22,677,312
Restricted for	
Debt Service	1,005,034
Conservation Land Acquisition	52,385
Unrestricted	7,604,069
Total Net Assets	<u>\$ 31,338,800</u>

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Activities
For the Year Ended June 30, 2007

			Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
	Expenses	Charges for Services			
Functions/Programs					
Governmental Activities					
Public Safety and Legal Services	\$ 1,724,516	\$ 105,903			\$ (1,618,613)
Physical Health and Social Services	1,474,842	700,186	\$ 471,728		(302,928)
Mental Health	1,825,415				(1,825,415)
County Environment and Education	767,637	31,371		\$ 139,232	(597,034)
Roads and Transportation	4,539,701		2,596,221	618,497	(1,324,983)
Government Services to Residents	433,304	463,599			30,295
Administrative Services	1,354,559	143,219	80,717		(1,130,623)
Capital Projects	185,004		130,167		(54,837)
Interest on Long-Term Debt	135,880				(135,880)
Total	<u>\$ 12,440,858</u>	<u>\$ 1,444,278</u>	<u>\$ 3,278,833</u>	<u>\$ 757,729</u>	<u>(6,960,018)</u>
General Revenues					
Property and Other County Tax Levied for					
General Purpose					5,376,021
Debt Service					229,992
Penalty and Interest on Property Tax					57,510
State Tax Credits					284,625
Local Option Sales Tax					425,289
Unrestricted Intergovernmental Revenue					635,885
Unrestricted Investment Earnings					388,302
Reimbursement Private Sources					65,222
Miscellaneous					684,183
Total General Revenues					<u>8,147,029</u>
Change in Net Assets					1,187,011
Net Assets - Beginning of Year					<u>30,151,789</u>
Net Assets - End of Year					<u>\$ 31,338,800</u>

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA

**Balance Sheet
Governmental Funds
June 30, 2007**

		Special Revenue Funds		
		General	Rural Services	Secondary Roads
Assets				
Cash and Pooled Investments		\$ 3,202,976	\$ 1,512,946	\$ 1,586,153
Receivables				
Accounts		46,009		
Property Tax				
Delinquent		31,622	10,171	
Succeeding Year		3,605,494	1,233,514	
Accrued Interest		94,048		
Notes				
Drainage Assessments				
Interfund Receivables		53,217		110
Due from Other Governments		166,530	16,898	737,675
Inventories				2,191,235
Prepaid Maintenance		30,700		
Prepaid Insurance		81,559		39,085
Total Assets		<u>7,312,155</u>	<u>2,773,529</u>	<u>4,554,258</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable		131,596	39,770	163,215
Accrued Interest Payable				
Salaries and Benefits Payable		24,550		45,397
Interfund Payables		110		
Due to Other Governments		1,676		367
Bond Anticipation Notes				
Deferred Revenue				
Succeeding Year Property Tax		3,605,494	1,233,514	
Other		26,231	10,123	
Total Liabilities		<u>3,789,657</u>	<u>1,283,407</u>	<u>208,979</u>
Fund Balances				
Reserved for				
Inventories				2,191,235
Landfill Note Receivable				
Prepaid Maintenance		30,700		
Prepaid Insurance		81,559		39,085
Conservation Land Acquisition				
Unreserved, Reported In				
General Fund		3,410,239		
Special Revenue Funds			1,490,122	2,114,959
Capital Projects				
Debt Service Fund				
Total Fund Balances		<u>3,522,498</u>	<u>1,490,122</u>	<u>4,345,279</u>
Total Liabilities and Fund Balances		<u>\$ 7,312,155</u>	<u>\$ 2,773,529</u>	<u>\$ 4,554,258</u>

See Accompanying Notes to Financial Statements

Special Revenue Funds					
Mental Health	Shadow Valley TIF	Debt Service	Capital Projects	Other Governmental Funds	Total
\$ 237,363	\$ 51,661		\$ 792,693	\$ 195,272	\$ 7,579,064
13				21,808	67,830
6,210		\$ 1,577			49,580
892,960	32,377	230,107			5,994,452
		1,010,000		2,733	96,781
				60,157	1,010,000
					60,157
					53,327
1,894			1,300	3,033	927,330
					2,191,235
					30,700
					120,644
<u>1,138,440</u>	<u>84,038</u>	<u>1,241,684</u>	<u>793,993</u>	<u>283,003</u>	<u>18,181,100</u>
158,953			91,565	51,723	636,822
				1,294	1,294
					69,947
		5,030		48,187	53,327
333,201					335,244
			755,000		755,000
892,960	32,377	230,107			5,994,452
5,957		1,513			43,824
<u>1,391,071</u>	<u>32,377</u>	<u>236,650</u>	<u>846,565</u>	<u>101,204</u>	<u>7,889,910</u>
					2,191,235
		1,010,000			1,010,000
					30,700
					120,644
				52,385	52,385
					3,410,239
(252,631)	51,661			129,414	3,533,525
			(52,572)		(52,572)
		(4,966)			(4,966)
<u>(252,631)</u>	<u>51,661</u>	<u>1,005,034</u>	<u>(52,572)</u>	<u>181,799</u>	<u>10,291,190</u>
<u>\$ 1,138,440</u>	<u>\$ 84,038</u>	<u>\$ 1,241,684</u>	<u>\$ 793,993</u>	<u>\$ 283,003</u>	<u>\$ 18,181,100</u>

HARRISON COUNTY, IOWA
Reconciliation of The Balance Sheet of Governmental Funds
To The Statement of Net Assets
June 30, 2007

Total Governmental Fund Balances (page 12) \$ 10,291,190

Amounts reported for governmental activities in the statement of net assets are different because:

Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets are \$39,807,504 and the accumulated depreciation is \$15,676,562. 24,130,942

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. This is current deferred revenue on delinquent property tax. 43,824

Bond issue cost is reported in the governmental activities but are not reported in the funds as they do not provide current economic resources. 6,370

Accrued interest payable is not due in the current period and, therefore, is not reported in the funds. (11,584)

The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Long-term debt	(2,470,000)
Compensated absences payable	(651,942)

Total Net Assets - Governmental Activities (page 9) \$ 31,338,800

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HARRISON COUNTY, IOWA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

		Special Revenue	
	General	Rural Services	Secondary Roads
Revenue			
Property and Other County Tax	\$ 3,433,132	\$ 1,316,130	
Penalty and Interest on Property Tax	57,510		
Intergovernmental Revenue	791,693	63,120	\$ 3,533,684
Licenses and Permits	23,574		
Charges for Services	1,385,519		1,943
Use of Money and Property	383,129		
Miscellaneous	80,866		478,968
Total Revenue	<u>6,155,423</u>	<u>1,379,250</u>	<u>4,014,595</u>
Expenditures			
Current			
Public Safety and Legal Services	1,781,620		
Physical Health and Social Services	1,448,676		
Mental Health			
County Environment and Education Services	904,813	205,309	
Roads and Transportation			5,246,078
Governmental Services to Residents	431,554		
Administrative Services	1,155,661	126,888	
Debt Service			
Principal			
Interest			
Capital Projects			
Total Expenditures	<u>5,722,324</u>	<u>332,197</u>	<u>5,246,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>433,099</u>	<u>1,047,053</u>	<u>(1,231,483)</u>
Other Financing Sources (Uses)			
Transfers In			1,204,311
Transfers Out	(90,224)	(1,114,087)	
Total Other Financing Sources (Uses)	<u>(90,224)</u>	<u>(1,114,087)</u>	<u>1,204,311</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	342,875	(67,034)	(27,172)
Fund Balances - Beginning of Year	3,179,623	1,557,156	4,878,368
Prior Period Adjustment			
(Decrease) in Reserve for Inventory			(505,917)
Fund Balances - End of Year	<u>\$ 3,522,498</u>	<u>\$ 1,490,122</u>	<u>\$ 4,345,279</u>

See Accompanying Notes to Financial Statements

Special Revenue					
Mental Health	Shadow Valley TIF	Debt Service	Capital Projects	Other Governmental Funds	Total
\$ 717,309	\$ 32,562	\$ 230,435			\$ 5,729,568
659,974		12,771	\$ 130,167	\$ 10,619	57,510
					5,202,028
					23,574
				35,185	1,422,647
				4,155	387,284
1,629		72,190		164,422	798,075
<u>1,378,912</u>	<u>32,562</u>	<u>315,396</u>	<u>130,167</u>	<u>214,381</u>	<u>13,620,686</u>
				1,008	1,782,628
					1,448,676
1,801,955					1,801,955
	20,420			163,853	1,294,395
					5,246,078
					431,554
				6,112	1,288,661
		430,000			430,000
		137,026			137,026
			185,004		185,004
<u>1,801,955</u>	<u>20,420</u>	<u>567,026</u>	<u>185,004</u>	<u>170,973</u>	<u>14,045,977</u>
<u>(423,043)</u>	<u>12,142</u>	<u>(251,630)</u>	<u>(54,837)</u>	<u>43,408</u>	<u>(425,291)</u>
					1,204,311
					(1,204,311)
(423,043)	12,142	(251,630)	(54,837)	43,408	(425,291)
170,412	39,519	1,256,664	2,265	236,913	11,320,920
				(98,522)	(98,522)
					(505,917)
<u>\$ (252,631)</u>	<u>\$ 51,661</u>	<u>\$ 1,005,034</u>	<u>\$ (52,572)</u>	<u>\$ 181,799</u>	<u>\$ 10,291,190</u>

HARRISON COUNTY, IOWA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds (page 15) \$ (931,208)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays, including infrastructure, as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful life of the asset. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 3,086,498	
Depreciation expense	<u>(1,380,242)</u>	1,706,256

Governmental funds do not report losses on disposal of government-wide assets. The basis of disposed assets exceeded the sale proceeds in the current year as follows:

Remaining cost basis in disposed assets	(18,743)
---	----------

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.

Property Tax	(17,232)
--------------	----------

Payment of certain expenditures are recorded in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal Payments	\$ 430,000	
Compensated Absences	(67)	
Drainage Warrants	<u>19,872</u>	449,805

The effect of bond issuance cost when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities

(980)

Some expenses are an expenditure in the governmental funds, but the payment reduces liabilities in the Statement of Net Assets.

Interest on long-term debt	<u>(887)</u>
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Change in Net Assets of Governmental Activities (page 10)	<u>\$ 1,187,011</u>
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HARRISON COUNTY, IOWA
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and Pooled Investments	
County Treasurer	\$ 675,262
Other County Officials	45,695
Receivables	
Accounts	23,033
Interest Receivable	1,783
Property Tax	
Delinquent	79,068
Succeeding Year	12,723,584
Special Assessments	5,654
Current Drainage Assessments	179,696
Prepaid Insurance	6,890
Total Assets	<u>13,740,665</u>

Liabilities

Accounts Payable	5,191
Salaries and Benefits Payable	5,154
Due to Other Governments	13,712,333
Trusts Payable	17,987
Total Liabilities	<u>\$ 13,740,665</u>

See Accompanying Notes to Financial Statements

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HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies

Harrison County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

- A. Reporting Entity - For financial reporting purposes, Harrison County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Harrison County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities that are legally separate from the County but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Harrison County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Harrison County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies - (Continued)

The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Harrison County Assessor's Conference Board, Region XIII Southwest Iowa Planning Council (SWIPCO), Harrison County Emergency Management Commission, Harrison County Joint E-911 Service Board, Harrison County Landfill Commission and Multi-County 28E Agreement Regarding Juvenile Detention Center and Emergency Juvenile Services. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organizations and, as such, are reported in Agency Funds of the County.

B. Basis of Presentation

Government-Wide Financial Statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The statement of net assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies - (Continued)

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

1. The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.
2. The Secondary Roads Fund is used to account for secondary road construction and maintenance.
3. The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.
4. Shadow Valley TIF is used to account for tax increments financial revenues for the Shadow Valley TIF district.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Capital Projects Fund - The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities.

Fiduciary Funds – The Trust and Agency Funds are used to account for assets received and held by the County in a trustee capacity or as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. These include Expendable Trust Funds and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

- a) Board of Supervisors, County Recorder, County Sheriff, Agricultural Extension, County Assessor, Schools, Area Schools, Corporations, Townships, Future Tax Payments, Auto License and Use Tax, City Special Assessment, Brucellosis and Tuberculosis Eradication, Drainage District, Emergency Management Services, Rural Tax Sale Redemption, E-911 Service Commission, Preservation Commission, Cafeteria Plan, Driver's License Trust, Future Tax Holding, Self Funded Health Insurance - To account for the collection of various revenue sources, including property taxes, auto licenses, payroll withholding, and special assessments, and the apportioning and disbursing of such funds to the applicable taxing authorities.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after the year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursements grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Assets, Liabilities, and Fund Equity

Cash and Temporary Investments - The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies - (Continued)

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Interfund Activity - During the course of operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies - (Continued)

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$ 50,000
Land, Buildings and Improvements	5,000
Equipment and Vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and Improvements	25 – 50
Infrastructure	10 – 65
Equipment	3 – 20
Vehicles	5 – 15

Due To Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables, and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies - (Continued)

Compensated Absences and Related Employee Benefits – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the County Environment and Education, Roads and Transportation, and Debt Service functions.

Note 2 – Cash and Pooled Investments

The County's deposits at June 30, 2007 were entirely covered by federal depository insurance collateralized with securities or letter of credit held by the County or the County's agent in the County's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Note 3 – Pension and Retirement

Iowa Public Employees Retirement System -The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 3 – Pension and Retirement (Continued)

Plan members are required to contribute 3.70% of their annual salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 8.20% and 8.20%, respectively and protected occupations such as the conservation department, whose percentages are 6.16% and 9.23%, respectively. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$259,356, \$245,703 and \$236,883, respectively, equal to the required contributions for each year.

Note 4 – Local Government Risk Pool

Harrison County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members that include various entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contribution to the Pool for the year ended June 30, 2007 was \$224,338.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public official's liability risk up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 4 – Local Government Risk Pool - (Continued)

The Pool's intergovernmental contract with its members provides that in the event of casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the members' risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. After the sixth year, the member is refunded 100 percent of its capital contributions; however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with the employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for Workman's Compensation insurance.

Note 5 – Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service	\$ 5,030
General Fund	Pass-Through Grants	5,000
General Fund	Drainage Districts	43,187
Secondary Roads	General Fund	110
Total		<u>\$ 53,327</u>

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 6 – Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfers To</u>	<u>Transfer From</u>	<u>Amount</u>
Special Revenue -		
Secondary Roads	General	\$ 90,224
Secondary Roads	Special Revenue – Rural Services	<u>1,114,087</u>
Total Transfers		<u>\$ 1,204,311</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 7 – Capital Assets

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,375,875	\$ 391,940		\$ 1,767,815
Construction in Progress	<u>349,796</u>	<u>556,650</u>	<u>\$ 349,796</u>	<u>556,650</u>
Total Capital Assets Not Being Depreciated	1,725,671	948,590	349,796	2,324,465
Capital Assets Being Depreciated:				
Buildings	4,987,601	5,651		4,993,252
Machinery and Equipment	7,011,277	1,151,968	801,936	7,361,309
Infrastructure	<u>23,661,375</u>	<u>1,467,103</u>		<u>25,128,478</u>
Total Capital Assets Being Depreciated	35,660,253	2,624,722	801,936	37,483,039
Less Accumulated Depreciation for:				
Buildings	1,242,047	144,240		1,386,287
Machinery and Equipment	3,666,236	479,421	646,175	3,499,482
Infrastructure	<u>10,034,212</u>	<u>756,581</u>		<u>10,790,793</u>
Total Accumulated Depreciation	<u>14,942,495</u>	<u>1,380,242</u>	<u>646,175</u>	<u>15,676,562</u>
Total Capital Assets Being Depreciated, Net	<u>20,717,758</u>	<u>1,244,480</u>	<u>155,761</u>	<u>21,806,477</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,443,429</u>	<u>\$ 2,193,070</u>	<u>\$ 505,557</u>	<u>\$ 24,130,942</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
Public Safety and Legal Services	\$ 82,906
Physical Health and Social Services	21,796
County Environment and Education Services	47,704
Roads and Transportation	1,161,014
Administrative Services	<u>66,822</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,380,242</u>

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 7 – Capital Assets - (Continued)

Net Assets Invested in Capital Assets Net of Related Debt:

Bond Issuance Costs	\$ 6,370
Land	1,767,815
Construction in Progress	556,650
Infrastructure, Property and Equipment Net of Accumulated Depreciation	<u>21,806,477</u>
Governmental Activities Capital Assets, Net	24,137,132

General Obligation Bonds Outstanding:

Correction Facility Bonds	1,050,000
Geothermal System Bonds	<u>410,000</u>
	1,460,000

Net Assets Invested in Capital Assets Net of Related Debt \$ 22,677,312

Note 8 – Due to Other Governments

The County purchases services from other governmental units and also acts as fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>		
General	Services	\$ 1,676
Special Revenue		
Secondary Roads	Services	367
Mental Health	Services	<u>333,201</u>
	Total for Governmental Funds	<u><u>335,244</u></u>
<u>Agency Funds</u>		
County Assessor Collections		239,869
Schools		9,052,385
Community Colleges		475,396
Corporations		2,897,617
Townships		237,070
Auto License and Use Tax		295,838
All Other		<u>515,175</u>
	Total for Agency Funds	\$ <u><u>13,713,350</u></u>

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 9 – Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	Compen- sated <u>Absences</u>	General Obligation <u>Bonds</u>	Bond Anticipation <u>Notes</u>	<u>Total</u>
Balance Beginning of Year	\$ 651,875	\$ 2,900,000	\$ -	\$ 3,551,875
Increases	19,556		755,000	774,556
Reductions	<u>19,489</u>	<u>430,000</u>	<u>-</u>	<u>449,489</u>
Balance End of Year	\$ <u>651,942</u>	\$ <u>2,470,000</u>	\$ <u>755,000</u>	\$ <u>3,876,942</u>
 Due in One Year	 \$ <u>387,985</u>	 \$ <u>365,000</u>	 \$ <u>755,000</u>	 \$ <u>1,507,985</u>

In July 1996, the County issued \$2,265,000 in General Obligation Solid Waste Disposal Capital Loan Notes to provide for long-term financing of Bond Anticipation Notes issued to construct facilities for the collection and disposal of solid waste.

In June 2000, the County issued \$500,000 in General Obligation Solid Waste Disposal Notes to provide long-term financing for the construction of the expansion of the Harrison County Landfill. In May, 2002, the County issued \$100,000 in General Obligation solid waste disposal notes to finance the construction of an office building at the Harrison County Landfill. This debt will be financed by the Harrison County Landfill Commission, which executed an agreement with Harrison County to be responsible for all debt service payments. Because these notes are General Obligation debt, the County will record all debt and related payments on their annual financial report and record an offsetting receivable in the Debt Service Fund (Note 12).

In February 1999, the County issued \$1,900,000 in General Obligation Bonds to finance the construction of the new Harrison County Law Enforcement Center in Logan, Iowa. The debt matures June, 2014.

In December 2003, the County issued \$560,000 in General Obligation bonds to finance the installation of a new HVAC System in the County Courthouse. The debt matures in December 2013.

In May 2007, the County issued \$755,000 in Bond Anticipation Notes to provide short-term financing for a local sewer project. The debt matures in June 2008 and accrues interest at 3.9%.

The annual requirements to retire general obligation bonds are listed below. Interest rates range from 1.75% to 5.9%.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 9 – Changes in Long-Term Debt (Continued)

Year Ending June 30,	General Obligation Principal	Interest	Total
2008	\$ 365,000	\$ 115,547	\$ 480,547
2009	380,000	98,770	478,770
2010	400,000	80,851	480,851
2011	425,000	61,436	486,436
2012	440,000	25,670	465,670
2013 - 2014	<u>460,000</u>	<u>42,079</u>	<u>502,079</u>
Total	\$ <u>2,470,000</u>	\$ <u>424,353</u>	\$ <u>2,894,353</u>

Note 10 – Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented.

Drainage warrants are paid from the Special Revenue Fund solely from special assessments against benefited properties.

Note 11 – Deficit Fund Balances

As of June 30, 2007, the following funds had deficit fund balances in the amounts shown:

Capital Projects	<u>\$ 52,572</u>
Special Revenue:	
Mental Health	\$ 252,631
Drainage Districts	<u>18,108</u>
	<u>\$ 270,739</u>

The Capital Projects deficit will be funded through future grant proceeds. The Drainage Districts deficit will be funded through future grant proceeds and future drainage assessment proceeds. The Mental Health deficit will be funded through future property tax collections.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2007

Note 12 – Notes Receivable

Harrison County has issued general obligation bonds for the Harrison County Landfill Commission to finance expansion and building projects. The balance of these bonds is \$1,010,000 at June 30, 2007. The landfill reimburses the County for the bond and interest payments, with the interest ranging from 3.6% to 5.9%, see Note 9.

The bond payments constitute a receivable to the County and are recorded in the debt service fund. The future principal payments are listed below.

Year Ending June 30,	Loan Principal
2008	\$ 180,000
2009	190,000
2010	200,000
2011	440,000
Total	<u>\$ 1,010,000</u>

Note 13 – Local Government Guarantee

The Harrison County Board of Supervisors participates in an agreement with the Harrison County Landfill Commission, a political subdivision created under Chapter 28F of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and postclosure costs to the Commission have been estimated at \$423,985 and \$830,034 as of June 30, 2007. The Commission has begun to accumulate resources to fund these closure costs, and at June 30, 2007 deposits of \$686,940 are held for these purposes. Since the commission is anticipated to accumulate the full amount of funds required for closure and postclosure during the life of the landfill, no liability has been recognized on the County's financial statements.

The County has provided a Local Government Guarantee for the closure and postclosure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The County's financial assurance obligation equals \$1,254,019 as of June 30, 2007.

Note 14 – Prior Period Adjustment

For the fiscal year ended June 30, 2006 drainage district assessments receivable were overstated by \$98,522. This has the effect of reducing non-major governmental fund balance by \$98,522.

HARRISON COUNTY, IOWA
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in
Balances - Budget and Actual (Cash Basis) - All Governmental Funds
Required Supplementary Information
For the Year Ended June 30, 2007

	Governmental Funds Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
		Original	Final	
Receipts				
Property and Other County Tax	\$ 6,053,205	\$ 5,945,215	\$ 5,945,215	\$ 107,990
Interest and Penalty on Property Tax	53,747	52,000	52,000	1,747
Intergovernmental	6,618,246	5,454,187	6,811,086	(192,840)
Licenses and Permits	24,774	28,450	28,450	(3,676)
Charges for Service	459,175	471,900	473,400	(14,225)
Use of Money and Property	390,080	265,340	265,340	124,740
Miscellaneous	1,215,301	542,310	973,654	241,647
Total Receipts	<u>14,814,528</u>	<u>12,759,402</u>	<u>14,549,145</u>	<u>265,383</u>
Disbursements				
Public Safety and Legal Services	1,749,623	2,141,515	2,176,015	426,392
Physical Health and Social Services	1,526,705	1,466,418	1,551,110	24,405
Mental Health	1,476,826	1,456,721	1,602,721	125,895
County Environment and Education	1,328,212	779,778	1,159,778	(168,434)
Roads and Transportation	5,915,119	4,548,000	4,995,000	(920,119)
Government Services to Residents	437,193	467,627	469,827	32,634
Administrative Services	1,239,321	1,113,553	1,242,053	2,732
Debt Service	566,995	559,264	559,264	(7,731)
Capital Projects	295,160	861,650	1,581,650	1,286,490
Total Disbursements	<u>14,535,154</u>	<u>13,394,526</u>	<u>15,337,418</u>	<u>802,264</u>
Excess (Deficiency) of Receipts Over Disbursements	279,374	(635,124)	(788,273)	1,067,647
Balance Beginning of Year	<u>7,299,690</u>	<u>7,050,953</u>	<u>7,050,953</u>	<u>248,737</u>
Balance End of Year	<u>\$ 7,579,064</u>	<u>\$ 6,415,829</u>	<u>\$ 6,262,680</u>	<u>\$ 1,316,384</u>

HARRISON COUNTY, IOWA
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
For the Year Ended June 30, 2007

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues			
Property and Other County Tax	\$ 6,053,205	\$ (323,637)	\$ 5,729,568
Interest and Penalty on Property Tax	53,747	3,763	57,510
Intergovernmental	6,618,246	(1,416,218)	5,202,028
Licenses and Permits	24,774	(1,200)	23,574
Charges for Service	459,175	963,472	1,422,647
Use of Money and Property	390,080	(2,796)	387,284
Miscellaneous	1,215,301	(417,226)	798,075
Expenditures			
Public Safety and Legal Services	(1,749,623)	(33,005)	(1,782,628)
Physical Health and Social Services	(1,526,705)	78,029	(1,448,676)
Mental Health	(1,476,826)	(325,129)	(1,801,955)
County Environment and Education	(1,328,212)	33,817	(1,294,395)
Roads and Transportation	(5,915,119)	669,041	(5,246,078)
Government Services to Residents	(437,193)	5,639	(431,554)
Administrative Services	(1,239,321)	(49,340)	(1,288,661)
Debt Service	(566,995)	(31)	(567,026)
Capital Projects	(295,160)	110,156	(185,004)
Net	279,374	(704,665)	(425,291)
Beginning Fund Balances	7,299,690	3,922,708	11,222,398
(Decrease) in Reserve for Inventories		(505,917)	(505,917)
Ending Fund Balances	<u>\$ 7,579,064</u>	<u>\$ 2,712,126</u>	<u>\$ 10,291,190</u>

HARRISON COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2007

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, and expendable trust funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$1,942,892. This budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 system by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the County Environment and Education, Roads and Transportation, and Debt Service functions.

HARRISON COUNTY, IOWA
Combining Balance Sheet
Governmental Nonmajor Funds
June 30, 2007

	Federal Revenue Sharing	Resource Enhancement and Protection	County Recorder's Records Management Fund	DARE
Assets				
Cash and Pooled Investments	\$ 64	\$ 48,349	\$ 7,780	\$ 2,344
Receivables				
Accounts			284	
Accrued Interest	1	1,047	191	
Assessments Receivables				
Due from Other Governments		3,033		
Total Assets	<u>65</u>	<u>52,429</u>	<u>8,255</u>	<u>2,344</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable			58	
Interest Payable				
Due to Other Funds				
Total Liabilities	<u>-</u>	<u>-</u>	<u>58</u>	<u>-</u>
Fund Equity				
Fund Balances (Deficit)				
Reserved for				
Conservation Land Acquisition				
Unreserved (Deficit)	65	52,429	8,197	2,344
Total Fund Equity (Deficit)	<u>65</u>	<u>52,429</u>	<u>8,197</u>	<u>2,344</u>
Total Liabilities and Fund Equity	<u>\$ 65</u>	<u>\$ 52,429</u>	<u>\$ 8,255</u>	<u>\$ 2,344</u>

Supplemental Environmental	Conservation Easement Monitor	Sheriff's Seizure Fund	Flood and Erosion	Drug Search and Seizures	Sheriff's K-9	Sheriff's Officer Memorial
\$ 310	\$ 21,671	\$ 1,600	\$ 50,524	\$ 9,814	\$ 118	\$ 601
7	469					
<u>317</u>	<u>22,140</u>	<u>1,600</u>	<u>50,524</u>	<u>9,814</u>	<u>118</u>	<u>601</u>
			627			
<u>-</u>	<u>-</u>	<u>-</u>	<u>627</u>	<u>-</u>	<u>-</u>	<u>-</u>
317	22,140	1,600	49,897	9,814	118	601
317	22,140	1,600	49,897	\$ 9,814	118	601
<u>\$ 317</u>	<u>\$ 22,140</u>	<u>\$ 1,600</u>	<u>\$ 50,524</u>	<u>\$ 9,814</u>	<u>\$ 118</u>	<u>\$ 601</u>
(Continued)						

HARRISON COUNTY, IOWA
Combining Balance Sheet
Governmental Nonmajor Funds
June 30, 2007

(Continued)

	Pass Thru Grants	Drainage Districts	Conservation Land Acquisition Trust	Total Governmental Nonmajor Funds
Assets				
Cash and Pooled Investments			\$ 52,097	\$ 195,272
Receivables				
Accounts	\$ 5,000	\$ 16,524		21,808
Accrued Interest Receivable			1,018	2,733
Assessments Receivables		60,157		60,157
Due from Other Governments				3,033
Total Assets	<u>5,000</u>	<u>76,681</u>	<u>53,115</u>	<u>283,003</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable		50,308	730	51,723
Interest Payable		1,294		1,294
Due to Other Funds	5,000	43,187		48,187
Total Liabilities	<u>5,000</u>	<u>94,789</u>	<u>730</u>	<u>101,204</u>
Fund Equity				
Fund Balances (Deficit)				
Reserved for				
Conservation Land Acquisition			52,385	52,385
Unreserved (Deficit)		(18,108)		129,414
Total Fund Equity (Deficit)	<u>-</u>	<u>(18,108)</u>	<u>52,385</u>	<u>181,799</u>
Total Liabilities and Fund Equity	<u>\$ 5,000</u>	<u>\$ 76,681</u>	<u>\$ 53,115</u>	<u>\$ 283,003</u>

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HARRISON COUNTY, IOWA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Nonmajor Funds
Year Ended June 30, 2007

	Federal Revenue Sharing	Resource Enhancement and Protection	County Recorder's Records Management Fund	DARE
Revenues				
Intergovernmental Revenue		\$ 10,619		
Charges for Services			\$ 3,734	
Use of Money and Property	\$ 3	1,994	419	
Miscellaneous				
Total Revenues	3	12,613	4,153	-
Expenditures				
Current				
Public Safety and Legal Services				\$ 63
County Environment and Education Services		3,685		
Administrative Services			6,112	
Total Expenditures	-	3,685	6,112	63
Excess (Deficiency) of Revenues Over Expenditures	3	8,928	(1,959)	(63)
Fund Balances - Beginning of Year	62	43,501	10,156	2,407
Fund Balances (Deficit) - End of Year	\$ 65	\$ 52,429	\$ 8,197	\$ 2,344

<u>Supplemental Environmental</u>	<u>Conservation Easement Monitor</u>	<u>Sheriff's Seizure Fund</u>	<u>Flood and Erosion</u>	<u>Drug Search and Seizures</u>	<u>Sheriff's K-9</u>	<u>Sheriff's Officer Memorial</u>
				\$ 80		
\$ 14	\$ 926		\$ 20,000	3,750		
14	926	-	20,000	3,830	-	-
				945		
			1,677			
-	-	-	1,677	945	-	-
14	926	-	18,323	2,885	-	-
303	21,214	\$ 1,600	31,574	6,929	\$ 118	\$ 601
<u>\$ 317</u>	<u>\$ 22,140</u>	<u>\$ 1,600</u>	<u>\$ 49,897</u>	<u>\$ 9,814</u>	<u>\$ 118</u>	<u>\$ 601</u>

(Continued)

HARRISON COUNTY, IOWA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Nonmajor Funds
Year Ended June 30, 2007

(Continued)

	Pass Thru Grants	Drainage Districts	Conservation Land Acquisition Trust	Total Governmental Nonmajor Funds
Revenues				
Intergovernmental Revenue				\$ 10,619
Charges for Services			\$ 31,371	35,185
Use of Money and Property			1,739	4,155
Miscellaneous		\$ 139,232	500	164,422
Total Revenues	-	139,232	33,610	214,381
Expenditures				
Current				
Public Safety and Legal Services				1,008
County Environment and Education Services		154,026	4,465	163,853
Administrative Services				6,112
Total Expenditures	-	154,026	4,465	170,973
Excess (Deficiency) of Revenues Over Expenditures	-	(14,794)	29,145	43,408
Fund Balances - Beginning of Year	-	95,208	23,240	236,913
Prior Period Adjustment		(98,522)		
Fund Balances (Deficit) - End of Year	\$ -	\$ (18,108)	\$ 52,385	\$ 280,321

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HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities
June 30, 2007

	Agency Funds				
	County Offices				
	Board of Supervisors	County Recorder	County Sheriff	Agricultural Extension	County Assessor
Assets					
Cash and Pooled Investments					
County Treasurer		\$ 734			\$ 65,143
Other County Officials	\$ 1,277	20,356	\$ 17,987	\$ 6,075	
Receivables					
Accounts		979			
Interest					
Property Tax					
Delinquent				1,129	1,124
Succeeding Year				162,326	171,605
Special Assessments					
Future Drainage Assessments					
Prepaid Insurance					2,644
Total Assets	<u>1,277</u>	<u>22,069</u>	<u>17,987</u>	<u>169,530</u>	<u>240,516</u>
Liabilities					
Accounts Payable					647
Salaries and Benefits Payable					
Due to Other Governments	1,277	22,069		169,530	239,869
Trusts Payable			17,987		
Total Liabilities	<u>\$ 1,277</u>	<u>\$ 22,069</u>	<u>\$ 17,987</u>	<u>\$ 169,530</u>	<u>\$ 240,516</u>

Agency Funds						
Schools	Area Schools	Corporations	Townships	Future Tax Payments	Preservation Commission	Auto License and Use Tax
\$ 133,474	\$ 5,405	\$ 53,967	\$ 3,167	\$ 919	\$ 400	\$ 295,838
61,785	3,246	10,308	1,463			
8,857,126	466,745	2,833,342	232,440			
9,052,385	475,396	2,897,617	237,070	919	400	295,838
9,052,385	475,396	2,897,617	237,070	919	400	295,838
\$ 9,052,385	\$ 475,396	\$ 2,897,617	\$ 237,070	\$ 919	\$ 400	\$ 295,838

(Continued)

HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities - Continued
June 30, 2007

	Agency Funds				
	City Special Assessments	Drainage Districts	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Tax Redemption Trust
Assets					
Cash and Pooled Investments					
County Treasurer	\$ 222		\$ 1,063	\$ 13,576	\$ 15,382
Other County Officials					
Receivables					
Accounts					
Interest					
Property Tax					
Delinquent			13		
Succeeding Year					
Special Assessments	3,760		1,894		
Future Drainage Assessments		\$ 179,696			
Prepaid Insurance				4,246	
Total Assets	3,982	179,696	2,970	17,822	15,382
Liabilities					
Accounts Payable				2,058	
Salaries and Benefits Payable				5,154	
Due to Other Governments	3,982	179,696	2,970	10,610	15,382
Trusts Payable					
Total Liabilities	\$ 3,982	\$ 179,696	\$ 2,970	\$ 17,822	\$ 15,382

Agency Funds

E-911 Service Commission	Cafeteria Plan	Driver's License Trust	Total
\$ 80,175	\$ 5,797		\$ 675,262 45,695
22,054			23,033
1,783			1,783
			-
			79,068
			12,723,584
			5,654
			179,696
			6,890
<u>104,012</u>	<u>5,797</u>	<u>-</u>	<u>13,740,665</u>
2,144	342		5,191
			5,154
101,868	5,455		13,712,333
			17,987
<u>\$ 104,012</u>	<u>\$ 5,797</u>	<u>-</u>	<u>\$ 13,740,665</u>

HARRISON COUNTY, IOWA
Combining Schedule of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2007

Assets and Liabilities	Agency Funds				
	County Offices				
	Board of Supervisors	County Recorder	County Sheriff	Agricultural Extension	County Assessor
Balances Beginning of Year	\$ 1,277	\$ 26,121	\$ 17,665	\$ 144,756	\$ 176,660
Additions:					
Property and Other County Tax		73,500		159,536	168,185
E911 Surcharge					
State Tax Credits				7,284	8,472
State Allocation					
Drivers License Fee					
Office Fees and Collections		209,205	554,883		
Auto Licenses, Use Tax and Postage					
Assessments					
Miscellaneous				282	436
Total Additions	-	282,705	554,883	167,102	177,093
Deductions:					
Agency Remittances:					
To Other Funds					113,237
To Other Governments		286,757	554,561	142,328	
Trusts Paid Out					
Total Deductions	-	286,757	554,561	142,328	113,237
Balances End of Year	\$ 1,277	\$ 22,069	\$ 17,987	\$ 169,530	\$ 240,516

Agency Funds						
Schools	Area Schools	Corporations	Townships	Future Tax Payments	Preservation Commission	Auto License and Use Tax
\$ 8,741,384	\$ 355,795	\$ 2,941,005	\$ 229,952	\$ 919	\$ 400	\$ 312,019
8,672,776	460,145	2,728,187	229,723			
451,298	18,329	163,496	11,018			
						3,501,401
16,467	709		512			
9,140,541	479,183	2,891,683	241,253	-	-	3,501,401
8,829,540	359,582	2,935,071	234,135			3,517,582
8,829,540	359,582	2,935,071	234,135	-	-	3,517,582
\$ 9,052,385	\$ 475,396	\$ 2,897,617	\$ 237,070	\$ 919	\$ 400	\$ 295,838

(Continued)

HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities - Continued
For the Year Ended June 30, 2007

Assets and Liabilities	Agency Funds				
	City Special Assessments	Drainage Districts	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Tax Redemption Trust
Balances Beginning of Year	\$ 5,871	\$ 108,859	\$ 2,446	\$ 11,270	\$ 24,742
Additions:					
Property and Other County Tax			1,835		
E911 Surcharge					
State Tax Credits			113		
State Allocation				331,133	
Drivers License Fee					
Office Fees and Collections					275,325
Auto Licenses, Use Tax and Postage Assessments	4,142	195,137			
Miscellaneous		59,466	4	80,330	
Total Additions	4,142	254,603	1,952	411,463	275,325
Deductions:					
Agency Remittances:					
To Other Funds					
To Other Governments	6,031	183,766	1,428		284,685
Trusts Paid Out				404,911	
Total Deductions	6,031	183,766	1,428	404,911	284,685
Balances End of Year	\$ 3,982	\$ 179,696	\$ 2,970	\$ 17,822	\$ 15,382

Agency Funds

E-911 Service Commission	Cafeteria Plan	Driver's License Trust	Total
<u>\$ 127,514</u>	<u>\$ 1,673</u>		<u>\$ 13,230,328</u>
			12,493,887
125,378			125,378
			660,010
			331,133
		\$ 25,221	25,221
			1,039,413
			3,501,401
			199,279
7,122	30,109		195,437
<u>132,500</u>	<u>30,109</u>	<u>25,221</u>	<u>18,571,159</u>
			113,237
60,000		25,221	17,420,687
96,002	25,985		526,898
<u>156,002</u>	<u>25,985</u>	<u>\$ 25,221</u>	<u>18,060,822</u>
<u>\$ 104,012</u>	<u>\$ 5,797</u>	<u>-</u>	<u>\$ 13,740,665</u>

HARRISON COUNTY, IOWA
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Fund Types
For The Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues				
Property and Other County Tax	\$ 5,729,568	\$ 5,336,897	\$ 5,491,423	\$ 5,508,332
Interest and Penalty on Property Tax	57,510	59,258	68,493	64,713
Intergovernmental	5,202,028	5,139,667	4,460,645	3,905,289
Licenses and Permits	23,574	22,645	25,131	22,815
Charges for Service	1,422,647	1,349,341	1,174,042	1,379,268
Use of Money and Property	387,284	317,305	193,104	185,799
Miscellaneous	798,075	867,002	550,539	674,031
Total Revenues	13,620,686	13,092,115	11,963,377	11,740,247
Expenditures				
Current				
Public Safety and Legal Services	1,782,628	1,749,112	1,693,019	1,809,631
Physical Health and Social Services	1,448,676	1,382,657	1,260,780	1,328,820
Mental Health	1,801,955	1,518,473	1,553,127	1,455,268
County Environment and Education Services	1,294,395	1,002,246	1,014,956	989,878
Roads and Transportation	5,246,078	5,244,431	4,594,896	4,555,537
Government Services to Residents	431,554	559,230	381,416	383,434
Administrative Services	1,288,661	1,086,407	1,029,062	1,061,809
Debt Service	567,026	564,952	566,562	508,414
Capital Projects	185,004	59,645	203,801	732,215
Total Expenditures	\$ 14,045,977	\$ 13,167,153	\$ 12,297,619	\$ 12,825,006

HARRISON COUNTY, IOWA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect			
DEPARTMENT OF AGRICULTURE			
Iowa Department of Human Services:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 9,663
Hungry Canyons Alliance:			
Soil and Water Conservation	10.902	HC-06-9F	97,056
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Human Services:			
Child Care and Development Block Grant	93.575		4
Promoting Safe and Stable Families	93.556		10,000
Temporary Assistance for Needy Families	93.558		13,133
Refugee and Entrant Assistance	93.566		23
Child Care and Development Fund	93.596		2,892
Foster Care - Title IV-E	93.658		7,253
Adoption Assistance	93.659		1,462
Social Services Block Grant	93.667		67,748
State Children's Insurance Program	93.767		85
Medical Assistance Program	93.778		17,076
DEPARTMENT OF HOMELAND SECURITY			
Iowa Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance	97.036	DR-1705-IA	380,013 *
Emergency Management Performance Grant	97.042	60000-01210-448-36-260	16,229
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Iowa Department of Economic Development:			
Community Development Block Grant	14.228	03-WS-079	179,037
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205		719,081 *
			<hr/>
Total Indirect			1,520,755
			<hr/>
Total			\$ 1,520,755

* Total disbursements from these programs exceed 50% of the total federal awards and are considered major programs.

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation - The schedule of expenditures of Federal Awards includes the federal grant activity of Harrison County and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statement.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors, Harrison County, Iowa:

Compliance:

We have audited the compliance of Harrison County, Iowa with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Harrison County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Harrison County, Iowa's management. Our responsibility is to express an opinion on Harrison County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harrison County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Harrison County, Iowa's compliance with those requirements.

In our opinion, Harrison County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance:

The management of Harrison County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Harrison County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harrison County, Iowa's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance

requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items III-A-07 and III-B-07 to be significant deficiencies over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe items III-A-07 and III-B-07 are material weakness.

This report, a public record by law, is intended solely for the information and use of the board of supervisors, management, employees and citizens of Harrison County and other parties to whom Harrison County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

William & Leonard P.C.
Certified Public Accountants

Onawa, Iowa
June 24, 2008



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Supervisors
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated June 24, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether Harrison County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Harrison County, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide an opinion on the effectiveness of Harrison County Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harrison County, Iowa's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Harrison County, Iowa's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of Harrison County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Harrison County, Iowa's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-07, II-B-07 and II-C-07 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Harrison County, Iowa's internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies describe above, we believe Items II-A-07, II-B-07 and II-C-07 are material weaknesses.

Harrison County, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit the County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Harrison County, Iowa and other parties to whom Harrison County, Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Harrison County, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

William Haggan, P.C.

Certified Public Accountants

Onawa, Iowa
June 24, 2008

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2007

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements, including material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 97.036 – Disaster Grants – Public Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Harrison County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance
No matters were reported.

Significant Deficiencies

- II-A-07. Segregation of Accounting Duties – An important aspect of internal control is the segregation of accounting functions among employees. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendations - We recommend that one employee be designated to open the mail and make a prelist of receipts, one employee post the receipts and the employee who opens the mail make the bank deposit.

Response - Due to the limited number of personnel in the office it is not feasible at this time to break down the segregation of duties any further.

Conclusion - We realize there are a limited number of personnel available and we agree with the County's response. Our purpose in making this observation is to remind management of the careful attention and scrutiny of the records that is necessary when a limited number of personnel are available which makes ideal controls impossible.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2007

- II-B-07. Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- o Password privacy and confidentiality.
- o Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- o Requiring user profiles to help limit access to programs to those who have a legitimate need.

Also, the County does not have a written disaster recover plan and does not require back up tapes to be stored off site daily in a fireproof vault or safe.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. A written disaster recover plan should be developed and back-up tapes should be stored off site daily in a fireproof vault or safe.

Response – The County will comply in the future with these recommendations. County officials have discussed and agree that these policies are needed.

Conclusion – Response accepted.

- II-C-07. Financial Reporting – During the audit, we identified material amounts of receivables, payables and inventory not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and inventory are properly identified and included in the County's financial statements.

Response – The County will monitor its financial reporting process more closely in the future in order to make its annual financial report as accurate as possible.

Conclusion – Response accepted.

Part III: Findings Related to Federal Awards

- III-A-07 Financial Reporting – During the audit, we identified material amounts of receivables, payables and inventory not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and inventory are properly identified and included in the County's financial statements.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2007

Response – The County will monitor its financial reporting process more closely in the future in order to make its annual financial report as accurate as possible.

Conclusion – Response accepted.

III-B-07 Grants Management

Condition - During the audit it was noted that the entity's control system to monitor the various grants is not sufficient to provide the required information and to ensure compliance with the various applicable laws, regulations, contracts, and grant agreements.

Recommendation - The County should ensure that an individual is assigned to administer each grant who is familiar with the applicable grant requirements and is able to ensure compliance with all regulations and agreements.

Response - The County will monitor the grant administration function more closely.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-07. Certified Budget - County expenditures during the fiscal year ended June 30, 2007 exceeded the amount budgeted in the County Environment and Education, Roads and Transportation, and Debt Service functions. Disbursements in certain departments exceeded the amounts appropriated.

Recommendation - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion - Response accepted.

IV-B-07. Questionable Expenses - We noted no expenditures that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-07. Travel Expense - No expenditures of County money for travel expense of spouses of County officials and/or employees were noted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2007

IV-D-07. Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Lloyd Cartmill, Secondary Roads Employee Father of Andrew Cartmill	Summer help for Roads Performed by Andrew Cartmill	\$ 4,522
Tom Niedermeyer, Secondary Roads Employee Father of Bruce Niedermeyer	Summer help for Roads Performed by Bruce Niedermeyer	1,766
Dennis Hall, Engineer's Office Employee Husband of Lois Hall	Cleaning Performed by Lois Hall	6,360
Robert V. Smith, County Supervisor Husband of Cheryl Smith	Cleaning Performed by Cheryl Smith	3,300
Susan Bonham, County Auditor Mother of Steven & Sara Bonham	Election Duties and Claims Work Performed by Steven & Sara Bonham	92

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the County Auditor does not appear to represent conflicts of interest since the total transaction was less than \$1,500 during the fiscal year.

The transactions with the County Supervisor, the Engineer's Office employee, and the Secondary Roads employees may represent a conflict of interest. The County should contact legal council for determination.

IV-E-07. Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions, but we suggest that the County review its coverage with the council and insurance agent.

IV-F-07. Board Minutes - The minutes record was examined and appeared to give a condensed, accurate account of business transacted by the board. The County has represented to us that we were furnished a complete and official copy of all minutes of all meetings of the board.

IV-G-07. County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2007

IV-H-07. Resource Enhancement and Protection Certification - The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-07. Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted, although the County's investment policy is not current.

Recommendation – The policy needs to be updated.

Response – The policy is currently being updated.

Conclusion – Response accepted.

IV-J-07. Solid Waste Fee Retainage – There were no solid waste retainage fees used or retained during the year ended June 30, 2007.

IV-K-07. Interfund Transfers – The County approved a transfer from the General Basic Fund to the Secondary Roads Fund that exceeded the maximum allowable limit by \$569.

Recommendation – The County should not transfer funds that exceed the limits as set by property tax collections.

Response – The County will monitor all transfers in future periods.

Conclusion – Response accepted.

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